

May 2009

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Fax: (916) 930-2180  
**OR**  
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ext. 229  
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**Fresno Servicing Center**  
Fresno, CA  
(559) 487-5650  
(559) 487-5803 Fax

**Liquidation & Purchase  
Center**  
Herndon, VA  
(703) 487-9283  
(202) 481-4674 Fax

**504 & PLP Processing  
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*All SBA programs and  
services are provided on  
a nondiscriminatory basis.*

## **SBA Expands its Recovery Act Efforts**

Dear Lender:

Last week during National Small Business Week the SBA announced the launch of the America's Recovery Capital (ARC) loan program.

This loan program comes with a 100% guarantee to you the lender and with no borrower fees and no interest charged to the small business. It is designed to provide working capital by financing payments on existing business debt obligations for up to 6 months not to exceed \$35,000.

We anticipate holding ReadyTalk Webinars during the week of June 8th that will provide program specifics for lenders interested in using this program to assist their small business customers. We will announce the schedule of the ReadyTalk Webinars once we receive final program details. Targeted date for lenders to submit applications is June 15th. Information for lenders on ARC loans can be found at <http://www.sba.gov/recovery/arcloanprogram/index.html>

Auto dealers have been hit particularly hard by the economic downturn. On May 28th, the SBA announced a new program to assist auto, RV and other dealerships. Under the Dealer Floor Plan (DFP) pilot program, SBA will provide loan guarantees for lines of credit through its 7(a) program.

DFP loans will be made through SBA lenders only for inventory that can be titled, such as autos, RVs, manufactured homes, boats and trailers. More information on DFP as well as information on a temporary increase in SBA size standards on 7(a) loans (which can also benefit auto dealers) can be found in this newsletter as well. As with the ARC loan program, we will be putting out the details to our lending partners on the DFP program as soon as they become available.

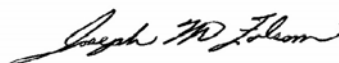
May 28<sup>th</sup> also marks 100 days since the signing of the American Recovery and Reinvestment Act in to law. We wish to congratulate the Iowa lending community on its response! In those first 100 days the 185 loans for \$59.1 million have been approved constituting approximately 48 percent of our total loan

activity in Fiscal Year 2009. Our average weekly loan volume is up 65 percent since the elimination of the fees and the increase of the guarantee percentage.

In this issue we are also acknowledging lenders who through April have increased their lending volume by 2 or more loans over the previous year and those lenders who have joined ranks of SBA lending by making a guaranteed loan this year.

Though I was unable to make the bank group meetings this year, Tom Harbison has shared with me your renewed and heightened interest in our SBA lending tools. Through this dialogue, your questions, and your use of us a resource, we are working to find solutions to the challenges facing your small business customers and do our small part in moving our communities and state towards economic recovery.

Sincerely



Joseph M. Folsom  
District Director

### **E-Tran Now Available for ALL 7(a) Lenders**

ALL 7(a) lenders may now utilize the Agency's new E-Tran System to make various changes to SBA guarantee loans within your portfolio using the Internet. Some of E-Tran's major benefits to lenders include:

- A decrease in turnaround time for database changes
- Automated reports for lenders
- Automatic cancellation of fees
- Instant validation
- Reduces 1502 errors
- Built in Guaranty Fee Calculator

You will no longer need to send the following unilateral notifications to the Service Center:

- Change legal/trade name or address
- Cancel an undisbursed loan
- Change a loan from a revolver to a non-revolver
- Extend maturity date

To get started using E-Tran, go to the E-Tran site at:  
<http://www.sba.gov/aboutsba/sbaprograms/elending/etr/index.html>

## SBA's NEW Dealer Floor Plan Financing Program Available July 1st

**Starting on July 1, 2009, through the Dealer Floor Plan, SBA will offer government-guaranteed loans to finance inventory for eligible auto, recreational vehicle, boat, manufactured home and other dealerships.**

The DFP is a pilot program that allows dealers to borrow against retail inventory and acts as a revolving line of credit for a dealer to obtain financing for retail goods. The dealer repays the debt as the inventory is sold and can borrow against the line of credit to add new inventory.

Under the DFP pilot program, SBA will provide loan guarantees for lines of credit through its 7(a) program. DFP loans will be made through SBA lenders only for inventory that can be titled, such as autos, RVs, manufactured homes, boats and trailers. The pilot program will run through Sept. 30, 2010, at which time

SBA will determine whether to extend the program.

DFP loans will be available for a minimum of \$500,000 up to the \$2 million allowable under the 7(a) program. With a maximum repayment term of five years, the loans will come with a 75 percent government guarantee. Borrowers will also benefit from the temporary elimination of fees on 7(a) loans made possible by the American Recovery and Reinvestment Act of 2009.

The DFP program allows SBA lending partners to prudently extend a critical line of credit in these tough economic times to viable dealerships in a number of industries, including RV, auto, boat and manufactured homes. It will help restore their cash flow and in turn, save their business and countless jobs.

For auto dealerships, in particular, it will provide the access to capital many

of them need at this critical time as they go through the transition brought on by larger changes within their industry.

Because of the severe decrease of dealer floor plan financing over the last several months, each of these loans most likely will keep open a viable business that would have otherwise closed.

All loans will be made through SBA lenders to creditworthy dealerships meeting lender requirements, demonstrating sound finances and following viable business plans.

We will provide more details to our lending partners and soon as they become available. In the meantime, all publicly available information on the DFP program can be found at <http://www.sba.gov/floorplanfinancing/>

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## SBA Announces Temporary Alternative Size Standard for 7(a) Loans

SBA believes that temporarily applying alternative size standards to the 7(a) program will provide an effective mechanism for the Federal Government to extend assistance to small businesses that cannot obtain financial assistance in the current economic environment.

For instance, small businesses that are just outside the traditional 7(a) size standard are being shut out of the conventional lending market; therefore SBA has extended the eligibility of the 7(a) loan. This change also means more small businesses can take advantage of benefits made possible through the Recovery Act. SBA is taking the extra step to make sure small businesses have access to capital to keep their doors open and employees working during tough economic times.

The temporary size standard will parallel the standard for the 504 Certified Development Company loan program. It will also allow businesses to qualify based on net worth and average income.

The net worth for the company and its affiliates can't be in excess of \$8.5 million and average net income after federal income taxes (excluding any carry-over losses) for the preceding two completed fiscal years can't be more than \$3 million.

The alternative size standard is now available until September 30, 2010. As a result of the temporary change, more than 70,000 additional small businesses *including auto and RV dealerships, auto industry suppliers and others* could be eligible to apply for the 7(a) loan program.

The temporary change is not unprecedented. SBA took similar actions in 1993, as a result of the recession of the early 1990s, and again in 2005 as part of a program aimed at helping small businesses in the wake of hurricanes Katrina and Rita.

On March 16, the SBA implemented two key provisions of the Recovery Act that raised the guarantee on 7(a) loans to 90 percent and reduced fees for borrowers. Since then, the agency has seen average weekly 7(a) loan volume increase by more than 25 percent and new SBA loans made by nearly 450 lenders who had not made loans since October 2008.

For more information visit <http://www.sba.gov/size/indexwhatsnew.html> and click on "What's new about Small Business Size Standards."

## SBA Lender Activity Report for April

LENDER NAME	LOCATION	#	AMOUNT	LENDER NAME	LOCATION	#	AMOUNT
FIRST AMERICAN BANK	FORT DODGE	6	\$4,902,000	CITY STATE BANK	OGDEN	1	\$147,000
IOWA BUSINESS GROWTH CO.	JOHNSTON	4	\$3,008,000	SIOUXLAND ECON DEV. CORP.	SIOUX CITY	1	\$123,000
CLEAR LAKE BANK & TRUST CO.	CLEAR LAKE	4	\$160,000	VANTUS BANK	SIOUX CITY	1	\$107,000
NORTHWEST BANK	SPENCER	3	\$1,075,000	FIRST CENTRAL STATE BANK	DE WITT	1	\$105,500
U.S. BANK	IOWA	3	\$714,200	DUTRAC COMMUNITY CU	DUBUQUE	1	\$103,000
CEDAR RAPIDS BANK AND TRUST	CEDAR RAPIDS	3	\$605,000	EAGLE VALLEY BANK	WISCONSIN	1	\$100,000
CITIZENS FIRST BANK	CLINTON	2	\$1,849,000	RACCOON VALLEY BANK	PERRY	1	\$94,100
COMMUNITY STATE BANK	INDIANOLA	2	\$1,500,000	BANKERS TRUST CO.	CEDAR RAPIDS	1	\$75,000
UNITED BANK OF IOWA	IDA GROVE	2	\$1,053,300	GLENWOOD STATE BANK	GLENWOOD	1	\$75,000
BLACK HAWK ECONOMIC DEV.	WATERLOO	2	\$594,000	IOWA BANK	BELLEVUE	1	\$75,000
WELLS FARGO	IOWA	2	\$400,000	PLEASANTVILLE STATE BANK	PLEASANTVILLE	1	\$72,500
NORTHWEST BANK & TRUST CO.	DAVENPORT	2	\$100,000	CENTRAL STATE BANK	MUSCATINE	1	\$60,000
GREEN BELT BANK & TRUST	IOWA FALLS	2	\$59,000	FREEDOM FINANCIAL BANK	WDM	1	\$60,000
VALLEY BANK	MOLINE	1	\$2,000,000	HILLS BANK AND TRUST CO.	HILLS	1	\$60,000
IOWA TRUST & SAVINGS BANK	EMMETSBURG	1	\$750,000	COMMUNITY STATE BANK	SPENCER	1	\$57,000
CITIZENS STATE BANK	WAUKON	1	\$510,600	WEST BANK	WDM	1	\$50,000
PEOPLES SAVINGS BANK	INDIANOLA	1	\$500,000	HERITAGE BANK	HOLSTEIN	1	\$35,000
FIRST NATIONAL BANK	FONTANELLE	1	\$322,000	GUARANTY BANK AND TRUST CO.	CEDAR RAPIDS	1	\$32,000
CORP FOR ECON DEVELOPMENT	DES MOINES	1	\$303,000	COMMUNITY 1ST CU	OTTUMWA	1	\$30,000
CITIZENS STATE BANK	MONTICELLO	1	\$268,200	CITIZENS BANK	MICHIGAN	1	\$27,500
FARMERS TRUST & SVNGS BANK	BUFFALO CENTER	1	\$250,000	BANK OF AMERICA	IOWA	1	\$25,100
BANK MIDWEST	SPIRIT LAKE	1	\$164,500	IOWA STATE BANK	DES MOINES	1	\$14,700

*The following lenders were participant lenders in the SBA's 504 Loan Program in Iowa during the month of April*

LENDER NAME	LOCATION	#	AMOUNT	LENDER NAME	LOCATION	#	AMOUNT
TWO RIVERS FINANCIAL GROUP	BURLINGTON	2	\$3,107,500	FIRST AMERICAN BANK	ANKENY	1	\$337,500
BANK IOWA	WDM	1	\$497,750	AMERICAN BANK	LEMARS	1	\$150,000
HILLS BANK & TRUST CO.	IOWA CITY	1	\$496,750	HEART OF IA COMM. CO-OP	UNION	1	\$87,250
VALLEY BANK	ELDRIDGE	1	\$412,000				

### We congratulate the following lenders have increased their SBA loan approvals

*(by two or more loans vs. the same period last year - through April 2009)*

American Trust & Savings - Dubuque	Community 1st Credit Union - Ottumwa	Hills Bank & Trust Co. - Hills
Bank Iowa - Red Oak	Community Savings Bank - Edgewood	Liberty Bank - West Des Moines
Central State Bank - Muscatine	Community State Bank - Spencer	Northwest Bank - Spencer
Citizens First Bank - Clinton	First Iowa State Bank - Albia	Pender State Bank - NE
Citizens State Bank - Waukon	Freedom Financial Bank - West Des Moines	Valley Bank - IL
Clear Lake Bank & Trust Co. - Clear Lake	Heritage Bank - Holstein	Vantus Bank - Sioux City

### We thank the following lenders who did not make an SBA loan approval in FY 08 who have done so in FY 09

Bank Iowa - Newton	First National Bank - Fontanelle	Mound City Bank - Plateville
Bremer Bank - MN	First National Bank - Waverly	Page County State Bank - Clarinda
Capital Pacific Bank - OR	First National Bank in Amboy - IL	Pender State Bank - NE
Cherokee State Bank - Cherokee	First State Bank Southwest - MN	Peoples Savings Bank - Indianola
Citizens First Bank - Clinton	First Western SBLC - TX	Pleasantville State Bank - Pleasantville
City State Bank - Boone	Freedom Financial Bank - West Des Moines	State Bank of Toledo - Toledo
Community State Bank - Spencer	Glenwood State Bank - Glenwood	Tri-County Bank & Trust - Cascade
Elgin State Bank - Elgin	Hardin County Savings Bank - Eldora	United Bank & Trust Co - Sheffield
Fairfax State Savings Bank - VA	Landmands National Bank - Audubon	Valley Bank - Clive
Farmers Bank of Northern Missouri - MO	Legacy Bank - Altoona	Valley Community Credit Union - ID
Farmers Trust & Savings Bank - Buffalo Center	Luana Savings Bank - Luana	
First Iowa State Bank - Albia	Melvin Savings Bank - Melvin	